ELIGIBILITY

This guide is a survey of rates for four sample driver households who are <u>eligible</u> for auto insurance under the law. An eligible person for auto insurance is a person who has a car registered in Michigan or has a valid Michigan driver's license. However, there are times when a company can refuse to insure you...

Reasons for Denial

You can be turned down for auto insurance if:

- you are not required by law to have nofault insurance.
- your driver's license is suspended or revoked.
- within the past 5
 years, you have been
 convicted of trying to
 defraud an insurance
 company, or have
 been denied payment
 of a claim over \$1,000
 because there is
 evidence of fraud on
 your part.
- within the past 3 years, you have been found guilty of a felony with a motor vehicle, driving under the influence of alcohol or drugs, failing to stop at the scene of an accident, or reckless driving.
- the car you want to insure does not meet Michigan safety requirements.
- within the past 2 years, your auto insurance has been cancelled because of non-payment of premium. This can be

waived if you pay the entire premium on the policy you are buying in advance.

- the insurance you want to buy requires you to be a member of a group, club or organization and you do not join the organization.
- your driving record causes you to have more than the allowable number of "eligibility points."
- you do not meet the requirements of a company's underwriting rules. (See the section entitled, Company Guidelines).

Company Guidelines

Insurance companies also use certain guidelines, called underwriting rules, to help decide whether they

Your Driving Record and Insurance Eligibility Points
Insurance companies assign insurance eligibility points

Insurance *eligibility points* are not the same as points on your official driving record!

for certain traffic violations.

They are simply a guide to help the company decide whether you are eligible for auto insurance. You can be turned down for auto insurance if you have 7 eligibility points from violations within the past three years.

How insurance companies assign eligibility points:

- Driving more than 15 mph over the speed limit (careless driving) - 4 points
- Driving 11-15 mph over the speed limit 3 points
 - Driving 15 mph or less over the speed limit on freeways which used to have a maximum speed limit of 70 mph - 2 points
 - Other moving violations 2 points
- The first accident in which you are more than 50% at fault 3 points
- The second and all following accidents in which you are more than 50% at fault – 4 points

will insure you. These rules may be different for each company, but each company must apply its rules in the same way to everyone. For example, a company may refuse to insure you if it does not have a rate for your type of car, or if your car is very expensive to repair or replace (such as custom or antique cars).

Ineligible Persons

If you find you are not eligible for auto insurance, you may want to ask your agent to apply to the Michigan Automobile Insurance Placement Facility for you. The Facility was created to offer insurance to those persons who have difficulty finding it through regular companies. Any licensed agent can help you apply for insurance through the Facility.

Eligible Persons

If you are a person who is eligible for auto insurance, read on to see how you can use this survey and

perhaps reduce the cost of your auto insurance.

The Michigan Office of Financial and Insurance Services has additional information regarding auto insurance. Please log on to our web site at www.cis.state.mi.us/ofis or call us toll free at 877-999-6442 to obtain more information.